

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NEW ORLEANS, LOUISIANA**

**Basic Financial Statements
And Independent Auditor's Reports
As of and for the Year Ended December 31, 2009
With Supplemental Information Schedules**

Audit of Financial Statements

December 31, 2009

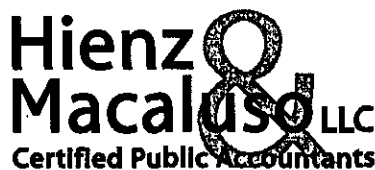
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/13/10

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
ANNUAL FINANCIAL STATEMENTS
DECEMBER 31, 2009**

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	8-9
Statement of Revenues, Expenses, and Changes in Fund Net Assets	10
Statement of Cash Flows	11-12
Notes to Financial Statements	13-27
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress for Postemployment Benefits	28
SUPPLEMENTARY INFORMATION	
Schedule I Schedule of Per Diem Paid Board Members	29
Schedule I Reporting Packet - Division of Administration, Office of Statewide Reporting and Accounting Policy - Annual Financial Report (CAFR)	30-54
OTHER REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i> -	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed In accordance with <i>Government Auditing Standards</i>	55-56
Schedule of Findings and Questioned Costs	57
REPORTS BY MANAGEMENT	
Schedule of Prior Year Findings	58
Management's Corrective Action Plan	59



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Louisiana State Board of Medical Examiners
Department of Health and Hospitals
State of Louisiana

We have audited the accompanying financial statements of the business-type activities and each major fund of the Louisiana State Board of Medical Examiners, a component unit of the State of Louisiana, as of and for the year ended December 31, 2009, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Louisiana State Board of Medical Examiners' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Louisiana State Board of Medical Examiners as of December 31, 2009 and the respective changes in financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2010 on our consideration of the Louisiana State Board of Medical Examiners internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report

is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for postemployment benefits on pages 3 through 7 and 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurances.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Louisiana Board of Medical Examiners' basic financial statements. The accompanying supplementary information, such as the board members per diem and the Division of Administration Reporting packet, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Louisiana State Board of Medical Examiners. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hienz & Macaluso, LLC

HIENZ & MACALUSO, LLC

Metairie, LA

June 24, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

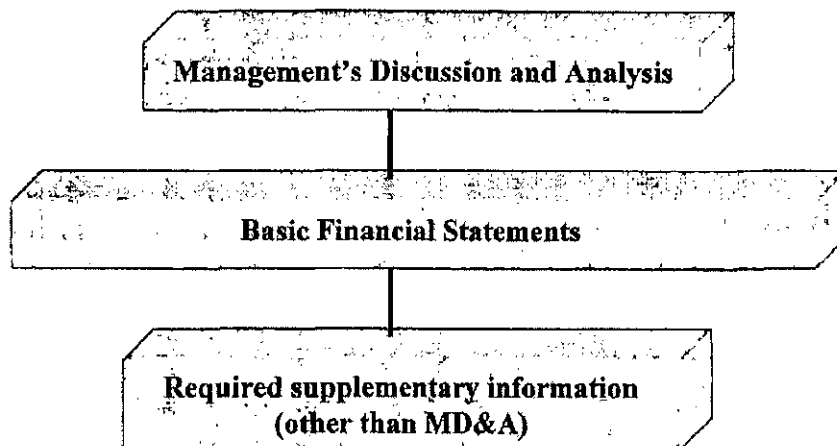
The management's discussion and analysis of the Louisiana State Board of Medical Examiners' financial performance presents a narrative overview and analysis of the Louisiana State Board of Medical Examiners' financial activities for the year ended December 31, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with prior year's information. Please read this document in conjunction with the information contained in the Louisiana State Board of Medical Examiner's financial statements, which begin on page 8.

Financial Highlights

- ★ The Louisiana State Board of Medical Examiners continues to have no debt except for compensated absences for employees in the amount of \$ 261,105 and other postemployment benefits in the amount of \$2,001,606.
- ★ The Louisiana State Board of Medical Examiners' assets exceeded its liabilities at the close of fiscal year 2009 by \$ 5,885,121, which represents a 3.10% decrease from last fiscal year.
- ★ The Louisiana State Board of Medical Examiners' operating revenue increased by \$ 160,091 from the previous year – approximately a 2.4% increase from the prior year.
- ★ Interest income on certificates of deposit decreased \$ 144,547 from the previous year – an 80% decrease over the prior year.
- ★ Capital acquisitions in the amount of \$ 224,669 were made during 2009 for equipment, computers, and building improvements.

Overview of the basic financial statements

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.



These financial statements consist of three sections – Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

The basic financial statements present information for the Louisiana State Board of Medical Examiners as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statements of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Louisiana State Board of Medical Examiners is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Assets presents information showing how the Louisiana State Board of Medical Examiners' assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until fiscal periods.

The Cash Flow Statement presents information showing how the Louisiana State Board of Medical Examiners' cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

Financial Analysis of the Entity

The following presents condensed financial information on the operations of the Entity:

	(in thousands)	
	Total	
	2009	2008
Current and other assets	\$ 9,645	\$ 9,172
Capital assets	1,660	1,627
Total assets	11,305	10,799
Current and other liabilities	3,251	3,107
Long-term debt outstanding	2,169	1,619
Total liabilities	5,420	4,726
Net assets		
Invested in capital assets, net of debt	1,660	1,627
Restricted	1,043	966
Unrestricted	3,182	3,480
Total net assets	\$ 5,885	\$ 6,073
Operating Revenues	\$ 6,820	\$ 6,659
Operating Expenses	(7,044)	(7,203)
Operating income (loss)	(224)	(544)
Non-operating revenues (expenses)	36	180
Income (loss) before transfers	(188)	(364)
Transfers in	-	-
Transfers out	-	-
Net increase (decrease) in net assets	\$ (188)	\$ (364)

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for. Total net assets of Louisiana State Board of Medical Examiners decreased by \$ 188,332 or 3.10% from December 31, 2008 to December 31, 2009.

Operating revenues increased during 2009 in the amount of \$ 160,091 due to an increase in recognition of license and renewal fees. Total expenditures of the Board decreased by

\$159,840 from 2008; this decrease was due mainly to decreases in contractual services and professional services

Capital Assets and Long Term Debt Administration

Capital Assets

As of December 31, 2009, the Louisiana State Board of Medical Examiners had \$1,660,016 invested in a broad range of capital assets, including buildings, building improvements, equipment and an automobile. During the current year, the organization recorded \$ 224,669 of capital acquisitions, which was for computers and building improvements.

Long-Term Debt

The Louisiana State Board of Medical Examiners did not have any bonds or notes outstanding at December 31, 2009.

The Louisiana State Board of Medical Examiners has claims and judgments of \$-0- outstanding at year-end compared with \$-0- last year. Other Obligations include accrued compensated absences in the amount of \$ 261,105 and other postemployment benefits in the amount of \$ 2,001,606.

Variations between Original and Final Budgets

The Board is required to submit an annual budget to the Joint Legislative Committee on the Budget as required by the Louisiana Licensing Agency Budget Act. Total revenues for 2009 were approximately \$ 24,000 less than budgeted for 2009, due to licensing/other fees exceeding budget amounts. Expenditures were approximately \$ 295,000 over budget for 2009, due mostly to Salaries and related benefits which were over budget by \$464,180. Operating expenses and professional services were under budgeted amounts by \$204,943. The Board submitted a year-end budget adjustment as required by the Louisiana Licensing Agency Budget Act.

Economic Factors and Next Year's Budgets and Rates

The Board continues to make significant investments in enhancing its information and communication systems to provide for improved (1) back up capabilities and disaster recovery capabilities (2) on line services for licensees (3) connectivity with national data bases (4) access to information of interest by the public (5) network security (6) information systems capacity and (7) cost of operations. The online services include the development of a new web site, development of on line initial and renewal license applications and continuing professional educational programming. The communication systems include the development of a call center and the installation of a new telephone system based on VOIP technology.

In addition the Board is continuing to expand its investigation/compliance efforts with additional staff dedicated to this activity. Looking ahead we anticipate additional legal expenses associated

with this enforcement activity and with a number of rule making efforts that are underway and expected to continue.

Finally, the Board has recognized the need to address long standing maintenance issues with its building in New Orleans relating to water proofing, HVAC systems, elevator services, and water supply. A comprehensive renovation of the building including the replacement of the entire HVAC system, the addition of a second elevator and the addition of a 5th floor for public meetings is under way with construction scheduled to begin in the summer of 2010. The extent of the work was such that the staff vacated the building in the spring of 2010.

The Louisiana State Board of Medical Examiners' appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

Expected revenues

Staffing and salaries

Legal and other professional services including contracted services

Operating expenses

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana State Board of Medical Examiners' finances and to show the Louisiana State Board of Medical Examiners accountability for the money it receives.

If you have any questions regarding this report or need additional financial information, contact:

Robert Marier, M.D.
Executive Director
P.O. Box 30250
New Orleans, LA 30250

www.lsbme.la.gov

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

ASSETS:

CURRENT ASSETS:

Cash and cash equivalents	\$ 2,411,715
Investments - certificate of deposit	5,106,493
Receivables (net of allowance for doubtful accounts)	604,066
Restricted assets - current	
Cash and cash equivalents	1,052,581
Investments - certificate of deposit	364,662
Receivables (net of allowance)	52,774
Accrued interest	194
Prepaid expense	3,696
Accrued interest	7,050
Total current assets	<u>9,603,231</u>

NONCURRENT ASSETS:

Property and equipment (net of depreciation)	1,660,016
Other assets	41,695
Total Noncurrent Assets	<u>1,701,711</u>
Total Assets	<u>\$ 11,304,942</u>

The accompanying notes are an integral part of this Financial Statement.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

LIABILITIES:

CURRENT LIABILITIES:

Accounts payable and accruals	\$ 380,149
Compensated absences payable	94,191
Deferred revenues	2,776,861
Other current liabilities	100
Total Current Liabilities	<u>3,251,301</u>

NONCURRENT LIABILITIES:

Compensated absences payable	166,914
Other postemployment benefits payable	2,001,606
Total Noncurrent Liabilities	<u>2,168,520</u>
Total Liabilities	<u>5,419,821</u>

NET ASSETS

Invested in capital assets, Net of related debt	1,660,016
Restricted for:	
Capital projects	-
Debt service	-
Other purposes	1,042,576
Unrestricted	<u>3,182,529</u>
Total Net Assets	<u>5,885,121</u>

The accompanying notes are an integral part of these financial statements.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009

OPERATING REVENUES:

Licenses, permits and fees	\$ 6,675,488
Other	144,100
Total operating revenues	<u>6,819,588</u>

OPERATING EXPENSES:

Personnel services	3,984,411
Contractual services	539,746
Travel	109,808
Operating services	647,730
Supplies	35,506
Professional services	1,534,817
Depreciation	191,842
Total Operating Expenses	<u>7,043,860</u>
Operating income (loss)	<u>(224,272)</u>

NON-OPERATING REVENUES (EXPENSES):

Interest revenue	<u>35,940</u>
Total Non-operating Revenue (Expenses)	<u>35,940</u>
Increase (Decrease) in Net Assets	(188,332)
Total Net Assets - beginning	<u>6,073,453</u>
Total Net Assets - ending	<u>\$ 5,885,121</u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 6,852,789
Cash payments to suppliers for goods and services	(2,826,089)
Cash payments to employees for services	<u>(3,499,330)</u>
Net cash provided (used) by operating activities	<u>527,370</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Operating transfers in - from other funds	-
Operating transfers out - to other funds	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>-</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition/construction of capital assets	<u>(224,669)</u>
Net cash provided (used) by capital and Related financing activities	<u>(224,669)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from maturities of certificates of deposit	<u>893,202</u>
Net cash provided (used) by investing activities	<u>893,202</u>

Net increase (decrease) in cash and cash equivalents	1,195,903
Cash and cash equivalents at beginning of year	<u>2,268,393</u>
Cash and cash equivalents at end of year	<u><u>\$ 3,464,296</u></u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Reconciliation of operating income (loss) to net

Cash provided (used) by operating activities:

Operating income (loss) \$ (224,272)

Depreciation \$ 191,842

Charges to bad debt expense

Changes in assets and liabilities:

Increase in accounts receivable (152,266)

Decrease in prepaid expense 18,228

Decrease in accounts payable and accruals (45,240)

Increase in compensated absences 12,843

Increase in other postemployment benefits 540,998

Increase in deferred revenues 185,467

Decrease in other liabilities (230)

Total adjustments 751,642

Net cash provided (used) by operating activities \$ 527,370

**Schedule of noncash investing, capital,
and financing activities:**

Interest on certificates of deposit re-invested \$ 35,940

**Total noncash investing, capital,
and financing activities** \$ 35,940

The accompanying notes are an integral part of these financial statements.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

INTRODUCTION:

The Louisiana State Board of Medical Examiners (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statute 37:1261-1292.

The board is charged with the responsibility of administering practice acts providing for the licensure of Doctors of Medicine, Doctors of Osteopathy, Doctors of Podiatry, Physician Assistants, Acupuncturists, Acupuncturists Assistants, Occupational Therapists, Occupational Therapy Assistants, Respiratory Therapists, Respiratory Therapist Technicians, Midwives, Clinical Exercise physiologists, Athletic Trainers, Radiological Technologists, Emergency Medical Technicians (Intermediate and Paramedic) and Clinical Laboratory Personnel. Operations of the Board are funded entirely through self-generated revenues.

As to all professions over which it has jurisdiction, the Board's principal functions are essentially the same: (a) Licensing/Certification. The Board examines applicants for licensure or certification to validate minimum competence for practice by verifying that they possess the educational and other credentials prescribed by statute and Board rules, investigation of the applicant's licensure status and history in other jurisdictions, and by examination. Licenses/certifications are generally renewed annually (some biannually) pursuant to re-verification of certain requirements and conditions. Renewals for some categories are on a calendar year basis, but the majority are based on a birth month schedule. (b) Regulations. Pursuant to its rulemaking authority under the practices acts it administers, and in accordance with the Administrative Procedures Act, the Board promulgates both procedural rules implementing its licensing/certification authority and substantive rules regulating practice. (c) Enforcement. The Board investigates consumer, patient and licensee complaints and alleged or indicated violations of the several practices acts and, upon a finding of probable cause initiates and conducts administrative disciplinary proceedings to adjudicate whether legal cause exists for the suspension, revocation or imposition of probationary terms and/or conditions on any license or certification. The Board's disciplinary authority includes limited authority to impose monetary fines and obtain reimbursement of costs and attorneys fees incurred by the Board in the investigation and prosecution of licensees. The Board also possesses and employs authority to take action against unauthorized practitioners by means of civil injunctive proceedings. (d) Advisory Rulings. The Board serves an informational and advisory role to the public, its constituent licensees and State government by providing declaratory rulings, advisory opinions and Statements of Position on various medical/legal issues within its jurisdiction. (e) Other Activities. The Board participates in a Physicians health Program, jointly organized and conducted with the Louisiana State Medical Society, to identify physically or mentally impaired (or potentially impaired) physicians toward securing timely treatment and rehabilitation for the protection of the public.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

INTRODUCTION – continued:

The Board is composed of seven members. Until January 1, 2000 the seven members were appointed by the governor from lists of names submitted by the Louisiana State Medical Society and the Louisiana Medical Association. Effective January 1, 2000 the board will consist of seven voting members appointed by the governor and subject to Senate confirmation as follows:

- a. Four members from lists of names submitted by the Louisiana State Medical Society. One of the members appointed shall practice in a parish or municipality with a population of less than twenty thousand.
- b. Two members from lists submitted by the Louisiana Medical Association.
- c. One member from a list submitted by the Louisiana Academy of Family Practice Physicians.

All voting members of the board shall be graduate physicians or surgeons and practitioners. Four of the members appointed for terms beginning January 1, 2000, shall be appointed the initial terms of four years and three of the members shall be appointed to initial terms of two years.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and financial reporting standards. The board applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

These financial statements were prepared in accordance with GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. In addition, these financial statements include the implementation of GASB Statement Number 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This new standard was implemented by the Board in 2001 and provides for significant changes in terminology, recognition of contributions in the Statement of Revenues, Expenses and Changes in Net Assets, inclusion of a management discussion and analysis as supplementary information and other changes.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Reporting Entity

GASB Codification Section 2100 established criteria for determining governmental reporting entity and has defined the governmental reporting entity for the board to be the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and public service is rendered within the state's boundaries. The accompanying statements present only transactions of the Louisiana State Board of Medical Examiners, and therefore, are a part of the fund and account group structure of the State of Louisiana. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.

Fund Accounting

All activities of the board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana State Board of Medical Examiners present information only as to the transactions of the programs of the Louisiana State Board of Medical Examiners as authorized by Louisiana statutes and administrative regulations. Basis of Accounting refers to when revenues and expenses are recognized and reported in the financial statements. The accounting and financial reporting treatment applied to the Board is determined by its measurement focus. The transactions of the Board are accounted for on a flow of economic resource measurement

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

focus. With this measurement focus, all assets and all liabilities associated with operations are included in the Statement of Net Assets.

The accounts of the Louisiana State Board of Medical Examiners are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable. Any revenues and expenses recorded between funds (“internal fund” activity) have been eliminated in these financial statements. Operating revenues consist of all revenues except investment income.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable. Operating expenses consist of all expenses except investment expenses.

Budget Practices

Budgets are prepared and adopted by the Board annually. The Board adopts a budget annually for the various components. The Board is a state licensing agency subject to the Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331-1342 in accordance with R.S. 36:803.

All funds budgeted are immediately available, as the Board’s operations are financed with self-generated revenue. Therefore, the budget is known as a non-appropriated budget.

The Board normally does not use encumbrance accounting, so the budget was not integrated in the accounting records. In addition, the budget was employed by the Board as a management control device, by comparing budgeted expenditures with actual expenditures. The budget is prepared on the GAAP basis, using the modified accrual basis of accounting. The Board monitors the budget and makes changes when deemed appropriate.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Cash and Investments

Cash includes petty cash, demand deposits, and certificates of deposit. Under state law, the Board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other State in the Union, or the laws of the United States. Furthermore, the Board may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

All certificates of deposit with original maturities of ninety days or less are classified as "cash and cash equivalents" on the Statement of Net Assets. Certificates of deposit with original maturities that exceed ninety days are classified as "Investments – certificates of deposit". Certificates of deposit are stated at cost which equals their fair market value.

Receivables/Inventory

Receivables consist of all revenues earned at year-end and not yet received. Allowance for uncollectible accounts receivable include all receivables greater than ninety days old.

The Board maintains an inventory of office supplies. These items are expensed as purchased.

Capital Assets

Property and equipment are recorded at cost, if purchases or constructed. Assets acquired through contributions are capitalized at their estimated fair value or cost to construct at the date of the construction. Equipment includes all items valued above \$1,000. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

Computer Equipment	3-5 years
Automobiles and equipment	5 years
Furniture and Fixtures	10 years
Building and Improvements	40 years

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Restricted Assets

Restricted assets, as presented in the financial statements, represented items that are dedicated for the use of various components of the Board.

Compensated Absences

Employees earn accumulated annual and sick leave at various rates, depending on their years of service. Annual and sick leave that may be accumulated by each employee is unlimited. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits.

Long-Term Obligations

Long-term obligations are reported at face value.

Post-employment Health Care and Life Insurance Benefits

The Board provides certain continuing health care and life insurance benefits for its retired employees. The Board recognizes the cost of providing these retirees benefits as an expense when incurred during the year.

Deferred Compensation Plan

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code 457. The plan is administered by the Board. The plan, available to all full-time employees of the Board, permits them to defer a portion of their salary until future years. All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by the insurance company for the exclusive benefit of the participants and their beneficiaries.

Participants may contribute up to 25% of their salary, but total contributions may not exceed \$8,500 annually. All contributions are immediately vested.

Net Assets

Net assets are comprised of the various net earnings from operations, nonoperating revenues, expenses, and contributions of capital. Net assets are classified in the following three components:

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Invested in capital assets, net of related debt – Consists of all capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of external constraints placed on net assets used by creditors, grantors, contributors, or laws or regulations of the government or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – Consists of all other assets that are not included in the other categories previously mentioned.

NOTE 2: DEPOSITS WITH FINANCIAL INSTITUTIONS:

Cash and certificates of deposit

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Board may deposit funds within a fiscal agency bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposits of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and in share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law federal deposit insurance or the pledge of securities owned by the fiscal bank agent must secure these deposits. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement No. 40, which amended GASB Statement No. 3, only requires disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either:

- 1) uninsured and uncollateralized,
- 2) uninsured and collateralized with securities held by the pledging financial institution or

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 2: DEPOSITS WITH FINANCIAL INSTITUTIONS – continued:

- 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name

The carrying amount of the Board's deposits with financial institutions is as follows as of December 31, 2009:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Capital One Bank–non-interest bearing CME		\$ 301,788
2. Capital One Bank–non-interest bearing PHP		\$ 421,566
3. Capital One Bank–non-interest bearing CLAB		\$ 329,202
4. Capital One Bank–non-interest bearing GENERAL		\$ 549,973
5. Capital One Bank–non-interest bearing GENERAL – PAYROLL		\$ 98,649
6. PayPal–non-interest bearing GENERAL		\$ 3,598
7. Capital One Bank–interest bearing GENERAL – TOWER		\$1,759,180
8. Capital One Bank–interest bearing GENERAL- CD'S		\$5,106,493
9. Capital One Bank–interest bearing CLAB - CD'S		\$ 364,662

All deposits listed above are federally insured or secured with collateral as required by state law. Actual bank balances at Capital One Bank as of December 31, 2009 amounted to \$ 9,109,611. None are required to be reported in any one of the three categories listed above.

NOTE 3: ACCOUNTS RECEIVABLE:

At December 31, 2009, the Board had net receivable balances, totaling \$ 656,840.

<u>Class of Receivable</u>	<u>General</u>	<u>Restricted</u>	<u>Total</u>
License fees and other assessments	\$ 731,699	\$ 52,774	\$ 784,473
Allowance for doubtful accounts	(127,633)	-	(127,633)
	<u>\$ 604,066</u>	<u>\$ 52,774</u>	<u>\$ 656,840</u>

During 2009 the Board charged \$ 0 to bad debt expense.

NOTE 4: DUE FROM/TO AND TRANSFERS:

At December 31, 2009, for purpose of these financial statements the due from/to and transfer accounts have been eliminated.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 5: RETIREMENT SYSTEM:

The employees of the Board are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of the state employees, which is administered and controlled by a separate board of trustees.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by contacting the Louisiana State Employee Retirement System at P.O. Box 44213, Baton Rouge, Louisiana 70804 or by calling (225) 922-0600.

All full-time Board employees, who began state employment prior to age 60, are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 per cent of their highest consecutive 36 month average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested age 55 with 25 years of service, or age 60 with 10 years of service. The system also provides death and disability benefits. Covered employees were required to contribute 7.5% (8% for members hired on or after July 1, 2006) of gross salary to the plan. For 2007 the Board's contribution percentage was 19.1% between January 1, 2007 and June 30, 2007 and 20.4% between July 1, 2007 and December 31, 2007. For 2008 the Board's contribution percentage was 20.4% between January 1, 2008 and June 30, 2008 and 18.5% between July 1, 2008 and December 31, 2008. For 2009 the Board's contribution percentage was 18.5% between January 1, 2009 and June 30, 2009 and 18.6% between July 1, 2009 and December 31, 2009.

Contribution requirements to the System are set by statute and differ from the contribution requirement determined using actuarial methods. Contributions to the retirement system for the years ended 2009, 2008, and 2007 were \$ 387,887, \$ 352,861, and \$ 348,254, respectively.

NOTE 6: CAPITAL ASSETS:

The Board follows the Louisiana Division of Administration's guidelines on capitalization of fixed assets. Depreciation has been provided on general fixed assets using the straight-line method. All fixed assets are valued at historical cost or estimated historical cost.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 6: CAPITAL ASSETS – continued:

A summary of changes in property and equipment follows:

Fiscal Year Ending December 31, 2009	Beginning Balance 1/1/2009	Additions	Deletions	Ending Balance 12/31/2009
Assets not being depreciated:				
Land	\$ 100,000	-	-	\$ 100,000
Total not being depreciated	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Assets being depreciated:				
Building	882,679	-	-	882,679
Building Improvements	754,807	147,293	-	902,100
Equipment	1,042,762	77,376	52,868	1,067,270
Auto	<u>19,995</u>	<u>-</u>	<u>-</u>	<u>19,995</u>
Total assets being depreciated	<u>2,700,243</u>	<u>224,669</u>	<u>52,868</u>	<u>2,872,044</u>
Total assets	<u>\$ 2,800,243</u>	<u>\$ 224,669</u>	<u>\$ 52,868</u>	<u>\$ 2,972,044</u>

Fiscal Year Ending December 31, 2009	Beginning Balance 1/1/2009	Additions	Deletions	Ending Balance 12/31/2009
Building	\$ 286,871	\$ 22,067	-	\$ 308,938
Building Improvements	217,240	19,529	-	236,769
Land	-	-	-	-
Equipment	648,948	150,246	52,868	746,326
Auto	<u>19,995</u>	<u>-</u>	<u>-</u>	<u>19,995</u>
Total	<u>1,173,054</u>	<u>191,842</u>	<u>52,868</u>	<u>1,312,028</u>
NET BOOK VALUE	<u>\$ 1,627,189</u>			<u>\$ 1,660,016</u>

Depreciation expense for the year ended December 31, 2009 was \$ 191,842.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 7: ACCOUNTS PAYABLE AND ACCRUALS:

At December 31, 2009, the Board had payables totaling \$ 380,149 as follows:

<u>CLASS OF PAYABLES</u>	<u>GENERAL</u>	<u>CLAB</u>	<u>TOTAL</u>
Accounts Payable	\$ 265,256	\$ 100	\$ 265,356
Wages Payable	45,965		45,965
Taxes & Accruals Payable	<u>68,828</u>	<u> </u>	<u>68,828</u>
Total Payables	<u>\$ 380,049</u>	<u>\$ 100</u>	<u>\$ 380,149</u>

NOTE 8: LEASES:

As described in Note 15, the Board entered into a lease in the spring of 2010 for office space in New Orleans, Louisiana. This lease is effective as of March 1, 2010 and extends through August 31, 2011, with an option to renew for six one-month terms. The Board's monthly lease payments are \$ 30,239.

The minimum future lease payments under the above lease are as follows:

<u>Fiscal Year End</u>	<u>Lease Commitment</u>
December 31, 2010	\$ 302,387
December 31, 2011	<u>241,909</u>
Total	<u>\$ 544,296</u>

**NOTE 9: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE
BENEFITS:**

Plan description

Louisiana State employees may participate in the State's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for FY 2009) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in Louisiana Comprehensive Annual Financial Report (CAFR).

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

POSTRETIREMENT HEALTH CARE AND OTHER BENEFITS (Continued)

You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the Board are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage.

Annual OPEB Cost

The Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period was used. For 2009, the Board's annual other postemployment benefit (OPEB) cost of 584,606 consisted of the following: (ARC \$582,000 plus interest of \$ 58,280 less ARC adjustment of \$ 55,674). The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2009, 2008, and 2007 were as follows:

Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2007	\$ 792,500	4.14%	\$ 759,697
12/31/2008	\$ 739,500	5.22%	\$ 1,460,068
12/31/2009	\$ 584,606	6.87%	\$ 2,001,606

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2009, was as follows (in thousands):

Actuarial accrued liability (AAL)	\$ 6,470,500
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	6,470,500
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employee covered by the plan)	\$ 1,698,000
UAAL as a percentage of covered payroll	381.07%

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

POSTRETIREMENT HEALTH CARE AND OTHER BENEFITS (Continued)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 8.0% and 9.1% for pre-Medicare and Medicare eligible's, respectively, scaling down to ultimate rates of 5% per year. The Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2009, was twenty-seven years.

NOTE 10: COMPENSATED ABSENCES

Accumulated annual leave is accrued in the accompanying financial statements. The Board's employees accumulated unlimited amounts of annual leave at varying rates, as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. This amount is recorded as a liability in the financial statements and represents the amount unpaid at December 31, 2009 of \$ 261,105. See Note 11.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 11: LONG-TERM OBLIGATIONS:

The following is a summary of the long-term obligation transactions for the year ended December 31, 2009.

	<u>OPEB Liability</u>	<u>Compensated Absences</u>
Balance at January 1, 2009	\$ 1,460,608	\$ 248,262
Additions	580,998	12,843
Deductions	<u>40,000</u>	<u>-</u>
Balance at December 31, 2009	2,001,606	261,105
Less current portion	<u>-</u>	<u>94,191</u>
Noncurrent portion	<u>\$2,001,606</u>	<u>\$ 166,914</u>

NOTE 12: RISK MANAGEMENT:

The Board is exposed to various risks of loss related to general liability, automotive liability, and property insurance contracts and has purchased commercial insurance to provide coverage.

NOTE 13: NET ASSETS:

Net assets represent the difference between assets and liabilities.

The composition of net assets was as follows:

Investment in Capital Assets, Net of Related Debt	\$ 1,660,016
Restricted	1,042,576
Unrestricted	<u>3,182,529</u>
Total Net Assets	<u>\$ 5,885,121</u>

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements. The composition of the restricted net assets is Clinical Lab - \$ 321,097, Continuing Medical Education - \$ 256,224, and Physicians Health Program - \$ 465,255.

NOTE 14: CONTINGENCY

The Board has entered into an agreement with Rozas-Ward/AIA Architects for the construction of the building improvements at 630 Camp Street, New Orleans, La. The total estimated cost of the building improvements is currently \$3.7 million.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 24, 2010. The Board recognized the need to address long standing maintenance issues with its building in New Orleans relating to water proofing, HVAC systems, elevator services, and water supply. A comprehensive renovation of the building including the replacement of the entire HVAC system, the addition of a second elevator and the addition of a 5th floor for public meetings is under way with construction scheduled to begin in the summer of 2010. The extent of the work was such that the staff vacated the building in the spring of 2010. See Note 8.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2009

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2007	\$ -	\$ 6,077,700	\$ 6,077,700	0.00%	\$ 1,300,000	467.52%
7/1/2008	\$ -	\$ 8,110,300	\$ 8,110,300	0.00%	\$ 1,738,300	466.57%
7/1/2009	\$ -	\$ 6,470,500	\$ 6,470,500	0.00%	\$ 1,698,000	381.07%

SUPPLEMENTARY INFORMATION

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION – SCHEDULE 1
FOR THE YEAR ENDED DECEMBER 31, 2009**

SCHEDULE OF PER DIEM PAID BOARD MEMBERS

<u>NAME</u>	<u>AMOUNT</u>
Dr. Melvin G. Bourgeois	\$ 2,880
Dr. Kweli J. Amusa	7,460
Dr. Robert Dawson	3,560
Dr. Tonya Sheppard	300
Dr. Mark H. Dawson	8,840
Dr. Keith C. Ferdinand	400
Dr. Linda Gage-White	6,800
	<hr/>
TOTAL	<u>30,240</u>

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are paid \$100 for each day while engaged in Board meetings and official Board business, as authorized by Louisiana Revised Statute 37:1268.

**REPORTING PACKET – DIVISION OF ADMINISTRATION, OFFICE OF
STATEWIDE REPORTING AND ACCOUNTING POLICY**

ANNUAL FINANCIAL REPORT

As a component unit of the State of Louisiana, the financial statements of the Louisiana Board of Medical Examiners are included in Louisiana's Comprehensive Annual Financial Report. Following are the statements being submitted to the Division of Administration as listed in the table of Contents – Supplementary Information Schedule II.

Louisiana State Board of Medical Examiners

STATE OF LOUISIANA
Annual Financial Statements
December 31, 2009

CONTENTS

AFFIDAVIT

	<u>Statements</u>
<hr/>	
MD&A (See audit report)	
Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities (Additional information in Appendix A)	C
Statement of Cash Flows	D
Notes to the Financial Statements	
A. Summary of Significant Accounting Policies	
B. Budgetary Accounting	
C. Deposits with Financial Institutions and Investments (Information in Appendix B)	
D. Capital Assets – Including Capital Lease Assets	
E. Inventories	
F. Restricted Assets	
G. Leave	
H. Retirement System	
I. Other Postemployment Benefits (Additional information in Appendix F)	
J. Leases	
K. Long-Term Liabilities	
L. Contingent Liabilities	
M. Related Party Transactions	
N. Accounting Changes	
O. In-Kind Contributions	
P. Defeased Issues	
Q. Revenues – Pledged or Sold (GASB 48) (Additional information in Appendix G)	
R. Government-Mandated Nonexchange Transactions (Grants)	
S. Violations of Finance-Related Legal or Contractual Provisions	
T. Short-Term Debt	
U. Disaggregation of Receivable Balances	
V. Disaggregation of Payable Balances	
W. Subsequent Events	
X. Segment Information	
Y. Due to/Due from and Transfers	
Z. Liabilities Payable from Restricted Assets	
AA. Prior-Year Restatement of Net Assets	
BB. Net Assets Restricted by Enabling Legislation (Information in Appendix C)	
CC. Impairment of Capital Assets (Information in Appendix D)	
DD. Employee Termination Benefits	



STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending December 31, 2009

Schedule Number

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
1515 POYDRAS STREET, SUITE 2700
NEW ORLEANS, LA 70112

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

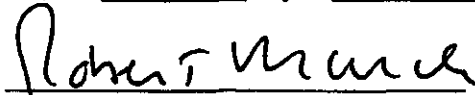
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Dr. Robert Marier, the Executive Director of the Louisiana State Board of Medical Examiners who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana Board of Medical Examiners at December 31, 2009 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 24th day of June, 2010.



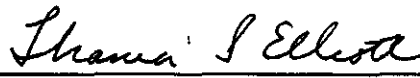
Signature of Agency Official

Prepared by: HEINZ & MACALUCO, LLC

Title: INDEPENDENT CPA'S

Telephone No.: 504-837-5434

Date: JUNE 18, 2010



NOTARY PUBLIC

THANIA S. ELLIOTT
LA Bar # 20799

Schedules

- 1 Schedule of Per Diem Paid to Board Members
- 2 Not Applicable
- 3 Schedules of Long-Term Debt
- 4 Schedules of Long-Term Debt Amortization
- 15 Schedule of Comparison Figures and Instructions
- 16 Schedule of Cooperative Endeavors

Appendix

- A Instructions for the Simplified Statement of Activities**
- B Information for Note C – Deposits with Financial Institutions & Investments**
- C Information for Note BB – Net Assets Restricted by Enabling Legislation**
- D Information for Note CC – Impairment of Capital Assets**
- E Information for Schedule 16 – Cooperative Endeavors**
- F Information for Note I – Other Postemployment Benefits**
- G Information for Note Q – Revenues or Receivables – Pledged or Sold (GASB 48)**

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
BALANCE SHEET
AS OF DECEMBER 31, 2009**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 2,411,715
Investments - certificates of deposit	5,106,493
Receivables (net of allowance for doubtful accounts)(Note U)	604,068
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	3,696
Notes receivable	
Other current assets	7,050
Total current assets	8,133,020

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	1,052,581
Investments - certificates of deposit	364,662
Receivables	52,774
Accrued Interest	194
Investments	
Notes receivable	
Capital assets (net of depreciation)(Note D)	
Land	100,000
Buildings and improvements	1,239,072
Machinery and equipment	320,944
Infrastructure	
Construction in progress	
Other noncurrent assets	41,695
Total noncurrent assets	3,171,822
Total assets	\$ 11,304,842

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 380,149
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	2,776,861
Amounts held in custody for others	
Other current liabilities	100
Current portion of long-term liabilities: (Note K)	
Contracts payable	
Compensated absences payable	94,191
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Bonds payable	
Other long-term liabilities	
Total current liabilities	3,251,301

NONCURRENT LIABILITIES: (Note K)

Contracts payable	
Compensated absences payable	166,914
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Bonds payable	
OPEB payable	2,001,606
Other long-term liabilities	
Total noncurrent liabilities	2,168,520
Total liabilities	5,419,821

NET ASSETS

Invested in capital assets, net of related debt	1,660,016
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	1,042,576
Unrestricted	3,182,529
Total net assets	5,885,121
Total liabilities and net assets	\$ 11,304,842

The accompanying notes are an integral part of this financial statement.

Statement A

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009**

OPERATING REVENUES

Sales of commodities and services	\$	
Assessments		
Use of money and property		
Licenses, permits, and fees		6,675,488
Other		144,100
Total operating revenues		<u>6,819,588</u>

OPERATING EXPENSES

Cost of sales and services		
Administrative		6,852,018
Depreciation		191,842
Amortization		
Total operating expenses		<u>7,043,860</u>

Operating income(loss)		<u>(224,272)</u>
------------------------	--	------------------

NON-OPERATING REVENUES(EXPENSES)

State appropriations		
Intergovernmental revenues(expenses)		
Taxes		
Use of money and property		
Gain on disposal of fixed assets		
Loss on disposal of fixed assets		
Federal grants		
Interest expense		
Other revenue		35,940
Other expense		
Total non-operating revenues(expenses)		<u>35,940</u>

Income(loss) before contributions, extraordinary items, & transfers		<u>(188,332)</u>
---------------------------------------------------------------------	--	------------------

Capital contributions		
Extraordinary item - Loss on impairment of capital assets		
Transfers in		
Transfers out		

Change in net assets		<u>(188,332)</u>
----------------------	--	------------------

Total net assets – beginning		<u>6,073,453</u>
------------------------------	--	------------------

Total net assets – ending	\$	<u>5,885,121</u>
---------------------------	----	------------------

The accompanying notes are an integral part of this financial statement.

Statement B

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

See Appendix A for instructions

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Entity	\$ 7,043,860	\$ 6,819,588	\$	\$	\$ (224,272)
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					35,940
Miscellaneous					
Special items					
Extraordinary item - Loss on impairment of capital assets					
Transfers					
Total general revenues, special items, and transfers					35,940
Change in net assets					(188,332)
Net assets - beginning					6,073,453
Net assets - ending					\$ 5,885,121

The accompanying notes are an integral part of this statement.

Statement C

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Cash received from customers	\$ 6,852,789	
Cash payments to suppliers for goods and services	(2,826,089)	
Cash payments to employees for services	(3,499,330)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		<u>527,370</u>
Cash flows from non-capital financing activities		
State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		
Net cash provided(used) by non-capital financing activities		<u>-</u>
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(224,669)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>(224,669)</u>
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from maturities of certificates of deposit		
Proceeds from sale of investment securities	893,202	
Interest and dividends earned on investment securities		
Net cash provided(used) by investing activities		<u>893,202</u>
Net increase(decrease) in cash and cash equivalents		<u>1,195,903</u>
Cash and cash equivalents at beginning of year		<u>2,268,393</u>
Cash and cash equivalents at end of year	\$	<u>3,464,296</u>

Statement D
(Continued)

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ (224,272)
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	191,842	
Provision for uncollectible accounts		
Other		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	(152,266)	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments	18,228	
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	(45,240)	
Increase(decrease) in compensated absences payable	12,843	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues	185,467	
Increase(decrease) in OPEB payable	540,998	
Increase(decrease) in other liabilities	(230)	
Net cash provided(used) by operating activities		\$ 527,370

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	\$	
Interest on certificates of deposit re-invested		35,940
Contributions of fixed assets		
Purchases of equipment on account		
Asset trade-ins		
Other (specify)		
Total noncash investing, capital, and financing activities:	\$	35,940

The accompanying notes are an integral part of this statement.

Statement D (concluded)

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended DECEMBER 31, 2009**

INTRODUCTION

The Louisiana State Board of Medical Examiners (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statute 37:1261-1292.

The board is charged with the responsibility of administering practice acts providing for the licensure of Doctors of Medicine, Doctors of Osteopathy, Doctors of Podiatry, Physician Assistants, Acupuncturists, Acupuncturists Assistants, Occupational Therapists, Occupational Therapy Assistants, Respiratory Therapists, Respiratory Therapist Technicians, Midwives, Clinical Exercise physiologists, Athletic Trainers, Radiological Technologists, Emergency Medical Technicians (Intermediate and Paramedic) and Clinical Laboratory Personnel. Operations of the Board are funded entirely through self-generated revenues.

As to all professions over which it has jurisdiction, the Board's principal functions are essentially the same: (a) Licensing/Certification. The Board examines applicants for licensure or certification to validate minimum competence for practice by verifying that they possess the educational and other credentials prescribed by statute and Board rules, investigation of the applicant's licensure status and history in other jurisdictions, and by examination. Licenses/certifications are generally renewed annually (some biannually) pursuant to re-verification of certain requirements and conditions. Renewals for some categories are on a calendar year basis, but the majority are based on a birth month schedule. (b) Regulations. Pursuant to its rulemaking authority under the practices acts it administers, and in accordance with the Administrative Procedures Act, the Board promulgates both procedural rules implementing its licensing/certification authority and substantive rules regulating practice. (c) Enforcement. The Board investigates consumer, patient and licensee complaints and alleged or indicated violations of the several practices acts and, upon a finding of probable cause initiates and conducts administrative disciplinary proceedings to adjudicate whether legal cause exists for the suspension, revocation or imposition of probationary terms and/or conditions on any license or certification. The Board's disciplinary authority includes limited authority to impose monetary fines and obtain reimbursement of costs and attorneys fees incurred by the Board in the investigation and prosecution of licensees. The Board also possesses and employs authority to take action against unauthorized practitioners by means of civil injunctive proceedings. (d) Advisory Rulings. The Board serves an informational and advisory role to the public, its constituent licensees and State government by providing declaratory rulings, advisory opinions and Statements of Position on various medical/legal issues within its jurisdiction. (e) Other Activities. The Board participates in a Physicians health Program, jointly organized and conducted with the Louisiana State Medical Society, to identify physically or mentally impaired (or potentially impaired) physicians toward securing timely treatment and rehabilitation for the protection of the public.

The Board is composed of seven members. Until January 1, 2000 the seven members were appointed by the governor from lists of names submitted by the Louisiana State Medical Society and the Louisiana Medical Association. Effective January 1, 2000 the board will consist of seven voting members appointed by the governor and subject to Senate confirmation as follows:

- a. Four members from lists of names submitted by the Louisiana State Medical Society. One of the members appointed shall practice in a parish or municipality with a population of less than twenty thousand.
- b. Two members from lists submitted by the Louisiana Medical Association.
- c. One member from a list submitted by the Louisiana Academy of Family Practice Physicians.

All voting members of the board shall be graduate physicians or surgeons and practitioners. Four of the members appointed for terms beginning January 1, 2000, shall be appointed the initial terms of four years and three of the members shall be appointed to initial terms of two years.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended DECEMBER 31, 2009**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana State Board of Medical Examiners present information only as to the transactions of the programs of the Louisiana State Board of Medical Examiners as authorized by Louisiana statutes and administrative regulations. Basis of Accounting refers to when revenues and expenses are recognized and reported in the financial statements. The accounting and financial reporting treatment applied to the Board is determined by its measurement focus. The transactions of the Board are accounted for on a flow of economic resource measurement focus. With this measurement focus, all assets and all liabilities associated with operations are included in the Statement of Net Assets.

The accounts of the Louisiana State Board of Medical Examiners are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable. Any revenues and expenses recorded between funds ("internal fund" activity) have been eliminated in these financial statements. Operating revenues consist of all revenues except investment income.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable. Operating expenses consist of all expenses except investment expenses.

B. BUDGETARY ACCOUNTING – NOT APPLICABLE

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to Note C.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Board may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended DECEMBER 31, 2009

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at December 31, 2009, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Balance per agency books	\$ 3,464,296	\$ 5,471,155	\$	\$ 8,935,451
Deposits in bank accounts per bank	\$ 3,638,456	\$ 5,471,155	\$	\$ 9,109,611
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	\$	\$	\$	\$ -
b. Deposits not insured and collateralized with securities held by the pledging institution.	\$	\$	\$	\$ -
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency <u>but not in the entity's name.</u>	\$	\$	\$	\$ -

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Balance per agency books" due to outstanding items.

The following is a breakdown by banking institution, program, account number, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Capital One	General	\$ 2,566,394
2. Capital One	C-Lab	348,708
3. Capital One	CME	301,788
4. Capital One	PHP	421,566
Total		\$ 3,638,456

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended DECEMBER 31, 2009

Cash in State Treasury	\$	<u> </u>
Petty cash	\$	<u>316</u>

2. INVESTMENTS – NOT APPLICABLE
3. DERIVATIVES – NOT APPLICABLE
4. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES – NOT APPLICABLE
5. POLICIES – NOT APPLICABLE
6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – NOT APPLICABLE

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended DECEMBER 31, 2009

Year ended December 31, 2009							
	Balance 12/31/09	Prior Period Adjustment	Adjusted Balance 12/31/08	Additions	Transfers*	Retirements	Balance 12/31/09
Capital assets not being depreciated							
Land	\$ 100,000	\$	\$ 100,000	\$	\$	\$	\$ 100,000
Non-depreciable land improvements			--				--
Capitalized collections			--				--
Construction in progress			--				--
Total capital assets not being depreciated	100,000	--	100,000	--	--	--	100,000
Other capital assets							
Machinery and equipment	1,062,757		1,062,757	77,376		(52,868)	1,087,265
Less accumulated depreciation	(668,943)		(668,943)	(150,246)		52,868	(766,321)
Total Machinery and equipment	393,814	--	393,814	(72,870)	--	--	320,944
Buildings and improvements	1,637,486		1,637,486	147,293			1,784,779
Less accumulated depreciation	(504,111)		(504,111)	(41,586)			(545,707)
Total buildings and improvements	1,133,375	--	1,133,375	105,697	--	--	1,239,072
Depreciable land improvements			--				--
Less accumulated depreciation			--				--
Total depreciable land improvements	--	--	--	--	--	--	--
Infrastructure			--				--
Less accumulated depreciation			--				--
Total infrastructure	--	--	--	--	--	--	--
Total other capital assets	1,527,189	--	1,527,189	32,827	--	--	1,560,016
Capital Asset Summary:							
Capital assets not being depreciated	100,000	--	100,000	--	--	--	100,000
Other capital assets, at cost	2,700,243	--	2,700,243	224,669	--	(52,868)	2,872,044
Total cost of capital assets	2,800,243	--	2,800,243	224,669	--	(52,868)	2,972,044
Less accumulated depreciation	(1,173,054)	--	(1,173,054)	(191,842)	--	52,868	(1,312,028)
Capital assets, net	\$ 1,627,189	\$ --	\$ 1,627,189	\$ 32,827	\$ --	\$ --	\$ 1,660,016

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

E. INVENTORIES -- NOT APPLICABLE

F. RESTRICTED ASSETS

The composition of net assets was as follows:

Investment in Capital Assets, Net of Related Debt	\$ 1,660,016
Restricted	1,042,576

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended DECEMBER 31, 2009**

Unrestricted	3,182,529
Total Net Assets	<u>\$ 5,885,121</u>

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements. The composition of the restricted net assets is Clinical Lab - \$ 321,097, Continuing Medical Education - \$ 256,224, and Physicians Health Program - \$ 465,255.

G. LEAVE

1. COMPENSATED ABSENCES

Accumulated annual leave is accrued in the accompanying financial statements. The Board's employees accumulated unlimited amounts of annual leave at varying rates, as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. This amount is recorded as a liability in the financial statements and represents the amount unpaid at December 31, 2009 of \$ 261,105.

H. RETIREMENT SYSTEM

The employees of the Board are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of the state employees, which is administered and controlled by a separate board of trustees.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by contacting the Louisiana State Employee Retirement System at P.O. Box 44213, Baton Rouge, Louisiana 70804 or by calling (225) 922-0600.

All full-time Board employees, who began state employment prior to age 60, are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 per cent of their highest consecutive 36 month average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested age 55 with 25 years of service, or age 60 with 10 years of service. The system also provides death and disability benefits. Covered employees were required to contribute 7.5% (8% for members hired on or after July 1, 2006) of gross salary to the plan. For 2007 the Board's contribution percentage was 19.1% between January 1, 2007 and June 30, 2007 and 20.4% between July 1, 2007 and December 31, 2007. For 2008 the Board's contribution percentage was 20.4% between January 1, 2008 and June 30, 2008 and 18.5% between July 1, 2008 and December 31, 2008. For 2009 the Board's contribution percentage was 18.5% between January 1, 2009 and June 30, 2009 and 18.6% between July 1, 2009 and December 31, 2009.

Contribution requirements to the System are set by statute and differ from the contribution requirement determined using actuarial methods. Contributions to the retirement system for the years ended 2009, 2008, and 2007 were \$ 387,887, \$ 352,861, and \$ 348,254, respectively.

I. OTHER POSTEMPLOYMENT BENEFITS – SEE SEPARATELY ISSUED FINANCIAL STATEMENTS

J. LEASES

1. OPERATING LEASES

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended DECEMBER 31, 2009

The Board entered into a lease in the spring of 2010 for office space in New Orleans, Louisiana. This lease is effective as of March 1, 2010 and extends through August 31, 2011, with an option to renew for six one-month terms. The Board's monthly lease payments are \$ 30,239.

The total payments for operating leases during fiscal year 2009 amounted to \$ 0. (Note: If lease payments extend past FY 2023, create additional columns and report these future minimum lease payments in five year increments.) A schedule of payments for operating leases follows:

Nature of lease	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014-2018	FY 2019-2023
Office Space	\$ -	\$ 302,387	\$ 241,909	\$ -	\$ -	\$ -	\$ -
Equipment							
Land							
Other							
Total	\$ -	\$ 302,387	\$ 241,909	\$ -	\$ -	\$ -	\$ -

2. CAPITAL LEASES - NOT APPLICABLE

3. LESSOR DIRECT FINANCING LEASES - NOT APPLICABLE

4. LESSOR - OPERATING LEASE - NOT APPLICABLE

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended December 31, 2009 (Balances at December 31st should include current and non-current portion of long-term liabilities.)

	Dec 31 2008	Additions	Reductions	Dec 31 2009	due within one year
Notes and bonds payable:					
Notes payable	\$ -	\$ -	\$ -	\$ --	\$ -
Bonds payable				--	
Total notes and bonds	--	--	--	--	--
Other liabilities:					
Contracts payable				--	
Compensated absences payable	248,262	12,843		261,105	94,191
Capital lease obligations				--	
Claims and litigation				--	
OPEB payable	1,460,608	580,998	40,000	2,001,606	
Other long-term liabilities				--	
Total other liabilities	1,708,870	593,841	40,000	2,262,711	94,191
Total long-term liabilities	\$ 1,708,870	\$ 593,841	\$ 40,000	\$ 2,262,711	\$ 94,191

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended DECEMBER 31, 2009

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. CONTINGENT LIABILITIES –

The Board has entered into an agreement with Rozas-Ward/AIA Architects for the construction of the building improvements at 630 Camp Street, New Orleans, La. The total estimated cost of the building improvements is currently \$3.7 million..

M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE

N. ACCOUNTING CHANGES – NOT APPLICABLE

O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE

P. DEFEASED ISSUES – NOT APPLICABLE

Q. REVENUES – PLEDGED OR SOLD (GASB 48) – NOT APPLICABLE

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – NOT APPLICABLE

T. SHORT-TERM DEBT – NOT APPLICABLE

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at December 31, 2009 were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
General - LSBME	\$ 731,699.00	\$	\$	\$	\$ 731,699.00
Restricted (CLAB)	52,774.00				52,774.00
Gross receivables	\$ 784,473.00	\$ -	\$ -	\$ -	\$ 784,473.00
Less allowance for uncollectible accounts	(127,633.00)	-	-	-	(127,633.00)
Receivables, net	\$ 656,840.00	\$ -	\$ -	\$ -	\$ 656,840.00
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at December 31, 2009, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
GENERAL LSBME	244,333	114,793		20,923	380,049
CLAB	\$ 100	\$	\$	\$	\$ 100
Total payables	\$ 244,433	114,793	-	20,923	\$ 380,149

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
Notes to the Financial Statement
As of and for the year ended DECEMBER 31, 2009**

W. SUBSEQUENT EVENTS –

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 24, 2010. The Board recognized the need to address long standing maintenance issues with its building in New Orleans relating to water proofing, HVAC systems, elevator services, and water supply. A comprehensive renovation of the building including the replacement of the entire HVAC system, the addition of a second elevator and the addition of a 5th floor for public meetings is under way with construction scheduled to begin in the summer of 2010. The extent of the work was such that the staff vacated the building in the spring of 2010.

X. SEGMENT INFORMATION – NOT APPLICABLE

Y. DUE TO/DUE FROM AND TRANSFERS – NOT APPLICABLE

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the Board at December 31, 2009, reflected at \$100 in the liabilities section on Statement A, is due from the CLAB fund.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – NOT APPLICABLE

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46) – NOT APPLICABLE

CC. IMPAIRMENT OF CAPITAL ASSETS – NOT APPLICABLE

DD. EMPLOYEE TERMINATION BENEFITS – NOT APPLICABLE

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended December 31, 2009**

<u>Name</u>	<u>Amount</u>
<u>Dr. Kwell J. Amusa</u>	<u>\$ 7,460</u>
<u>Dr. Melvin G. Bourgeois</u>	<u>2,880</u>
<u>Dr. Mark H. Dawson</u>	<u>8,840</u>
<u>Dr. Keith C. Ferdinand</u>	<u>400</u>
<u>Dr. Linda Gage-White</u>	<u>6,800</u>
<u>Dr. Tonya Sheppard</u>	<u>300</u>
<u>Dr. Robert Dawson</u>	<u>3,560</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
	<u>\$ 30,240</u>

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
SCHEDULE OF NOTES PAYABLE
December 31, 2009**

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		\$	\$	\$	\$		\$
Total		\$	\$	\$	\$		\$

*Send copies of new amortization schedules

SCHEDULE 3-A

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
SCHEDULE OF BONDS PAYABLE
DECEMBER 31, 2009**

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		\$	\$	\$	\$		\$
Total		\$	\$	\$	\$		\$

*Send copies of new amortization schedules

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended December 31, 2009**

NOT APPLICABLE

Ending:	Payment	Interest	Principal	Balance
2009	\$ _____	\$ _____	\$ _____	\$ _____ --
2010	_____	_____	_____	_____ --
2011	_____	_____	_____	_____ --
2012	_____	_____	_____	_____ --
2013	_____	_____	_____	_____ --
2014-2018	_____	_____	_____	_____ --
2019-2023	_____	_____	_____	_____ --
2024-2028	_____	_____	_____	_____ --
2029-2033	_____	_____	_____	_____ --
Total	\$ <u>_____</u> --	\$ <u>_____</u> --	\$ <u>_____</u> --	\$ <u>_____</u> --

SCHEDULE 4-A

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended December 31, 2009**

NOT APPLICABLE

Fiscal Year Ending:	Principal	Interest
2009	\$ _____	\$ _____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014-2018	_____	_____
2019-2023	_____	_____
2024-2028	_____	_____
2029-2033	_____	_____
Total	\$ _____ --	\$ _____ --

SCHEDULE 4-B

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended December 31, 2009
NOT APPLICABLE**

Fiscal Year		<u>Principal</u>	<u>Interest</u>
	<u>Ending:</u>		
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
Total		\$ <u> -- </u>	\$ <u> -- </u>

SCHEDULE 4-C

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2009</u>	<u>2008</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>6,855,528</u>	\$ <u>6,839,984</u>	\$ <u>15,544</u>	<u>0.23%</u>
Expenses	<u>7,043,860</u>	<u>7,203,700</u>	<u>(159,840)</u>	<u>(2.22%)</u>
2) Capital assets	<u>1,660,016</u>	<u>1,627,189</u>	<u>32,827</u>	<u>2.02%</u>
Long-term debt	<u>2,168,520</u>	<u>1,619,020</u>	<u>549,500</u>	<u>33.94%</u>
Net Assets	<u>5,885,121</u>	<u>6,073,453</u>	<u>(188,332)</u>	<u>(3.10%)</u>

Explanation for change: _____

AGENCY NUMBER
AGENCY

NOT APPLICABLE

[illegible]

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on compliance with laws and regulations and on internal controls required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Directors
Louisiana State Board of Medical Examiners
Department of Health and Hospitals
State of Louisiana

We have audited the financial statements of the business-type activities and each major fund of the Louisiana State Board of Medical Examiners, a component unit of the State of Louisiana, as of and for the year ended December 31, 2009, which collectively comprise the Board's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Louisiana State Board of Medical Examiners' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana State Board of Medical Examiners' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana State Board of Medical Examiners' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana State Board of Medical Examiners' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Louisiana State Board of Medical Examiners and its management and Legislative Auditor's Office and is not intended to be, and should not be, anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hienz & Macaluso, LLC

HIENZ & MACALUSO, LLC

Metairie, LA

June 24, 2010

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

We have audited the financial statements of the business-type activities and each major fund of Louisiana State Board of Medical Examiners as of and for the year ended December 31, 2009, which collectively comprise the Board's financial statements as listed in the table of contents and have issued our report thereon dated June 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States and the Louisiana Governmental Auditing Guide. Our audit of the basic financial statements as of December 31, 2009, resulted in an unqualified opinion.

Section I. Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weakness ___ Yes X No Significant Deficiency ___ Yes X No

Compliance:

Compliance Material to Financial Statements ___ Yes X No

b. Federal awards -- the Board received no federal awards for the year ended December 31, 2009.

Section II. Financial Statement Findings

Not applicable.

Section III. Federal Award Findings and Questioned Costs:

The Board received no federal awards for the year ended December 31, 2009.

Section IV. Management Letter:

A management letter was not issued with this report.

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Section I. Summary of Auditor's Reports

- b. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weakness ___ Yes X No Significant Deficiency ___ Yes X No

Compliance:

Compliance Material to Financial Statements ___ Yes X No

- b. Federal awards – the Board received no federal awards for the year ended December 31, 2008.

Section II. Financial Statement Findings

Not applicable.

Section III. Federal Award Findings and Questioned Costs:

The Board received no federal awards for the year ended December 31, 2008.

Section IV. Management Letter:

A management letter was not issued with this report.

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2009**

Section I - Internal Control and Compliance Material to the Financial Statements:

Not applicable.

Section II – Internal Control and Compliance Material to Federal Awards:

There were no federal awards.

Section III – Management Letter:

There was no management letter issued for the year ended December 31, 2009.